

**MINUTES OF THE  
JOINT PUBLIC EDUCATION APPROPRIATIONS SUBCOMMITTEE MEETING  
WEDNESDAY, JANUARY 28, 2009, 2:00 P.M.  
Room 445, State Capitol**

Members Present: Sen. Howard A. Stephenson, Co-Chair  
Rep. Merlynn T. Newbold, Co-Chair  
Sen. Karen W. Morgan  
Rep. Tim M. Cosgrove  
Rep. Lorie D. Fowlke  
Rep. Kevin S. Garn  
Rep. Francis D. Gibson  
Rep. Ronda Rudd Menlove  
Rep. Marie H. Poulson  
Rep. Phil Riesen

Members Absent: Sen. Lyle W. Hillyard  
Sen. D. Christ Buttars  
Rep. Gregory H. Hughes  
Rep. Bradley G. Last  
Rep. Rebecca D. Lockhart

Staff Present: Ben Leishman, Legislative Fiscal Analyst  
Patrick Lee, Legislative Fiscal Analyst  
Karen C. Allred, Secretary

Public Speakers Present: Rick Coleman, Deputy Auditor, Legislative Auditor General  
Brian Dean, Audit Supervisor, Legislative Auditor General  
Benjamin Buys, Auditor, Legislative Auditor General  
Patti Harrington, State Superintendent, Utah State Office of  
Education  
Todd Hauber, Associate Superintendent, Utah State Office of  
Education  
Murrell Martin, Pupil Transportation Specialist, Utah State Office of  
Education  
Tim Bereece, Performance Auditor, Legislative Auditor General  
Marty Kelly, Coordinator, Adult Education, Utah State Office of  
Education  
Brenda Hales, Associate Superintendent, Utah State Office of  
Education  
Tim Osterstock, Audit Manager, Legislative Auditor General  
Wayne Kidd, Audit Supervisor, Legislative Auditor General  
Jesse Martinson, Auditor, Legislative Auditor General

Deanna Herring, Audit Supervisor, Legislative Auditor General  
Susan Verhoef, Audit Supervisor, Legislative Auditor General

A list of visitors and a copy of handouts are filed with the Subcommittee minutes.

Co-Chair Newbold called the meeting to order at 2:48 p.m.

1. **Approval of Minutes**

Rep. Newbold commented that the minutes had been distributed, and to please look them over to approve at the next meeting.

2. **Education Audits**

Rep. Newbold reported that copies of the audits had been distributed to the members of the committee, so that they may follow along. Rep. Newbold asked the Audit Committees to emphasize their recommendations.

***a. School Busing***

Rick Coleman, Audit Manager; Brian Dean, Audit Supervisor; and Ben Buys, Audit Staff introduced themselves. Mr. Dean reported that the audit focuses on the school busing operations in the 40 school districts throughout the state of Utah. Effective and efficient school busing operations is essential in transporting and they require significant state and local funding. Total pupil transportation expenditures exceeded \$112 million in 2007.

The audit suggests that standards for bus drivers should be strengthened and compliance ensured. Utah has no standard for evaluating bus driving records. If Utah applied Texas's standards for evaluating bus drivers, 10 drivers, that have significant moving violations on their Motor Vehicle Records (MVR's), would not be allowed to drive a bus; 13 drivers would be at the threshold of being terminated; and 65 drivers would need additional training and monitoring.

The audit recommends that USOE strengthen the 100 point-standard by making it apply to current and potential drivers. In addition, the USOE should work with the Department of Public Safety to develop a monitoring and notification process for drivers personal driving records and ensure school districts are reviewing driving records at least annually.

The audit recommends that the USOE ensure that all personnel responsible for conducting criminal background checks of bus drivers are informed of the hiring standards and that these standards are enforced. USOE should consider strengthening the list of disqualifying criminal convictions as well. This standard has not been updated or changed since 1987. USOE should also consider requiring a BCI Fingerprint/FBI check when hiring bus drivers, revisit the state's physical assessment requirements to ensure that bus drivers are physically

capable of performing their jobs; and make sure bus drivers are up to date on mandated training requirements.

Mr. Dean reported pupil transportation is an expensive program and the allocation of state funds depends upon measurable and accurate data from the school districts. Funds are distributed to school districts according to their to/from miles and minutes that are driven during transportation to and from school (to/from miles and minutes). However, in determining the cost per mile and minute, the USOE uses all miles and minutes, including activities, field trips and private usage; and this data has not been reviewed for accuracy by the USOE. Inaccuracies were found in 19 of the 40 school districts, with some schools reporting fewer odometer miles than to/from miles; reporting more miles than odometers shown they had driven; broken odometers; or selling their buses without recording their final odometer readings. Under reporting of miles and minutes drives up state average cost per minute which results in the state paying more per minute.

The audit recommends that standards of how miles and minutes are tracked and reported should be developed. The USOE should consider excluding in-lieu costs from mile costs as this results in double counting of costs, and ensures that school districts are not getting reimbursed for 100 percent of their to/from expenditures. The Legislature reimburses at 85 percent. It is recommended that the USOE improve the process for collecting and monitoring data by moving to an online reporting system and improving review and follow-up of busing data.

Throughout the state buses are under utilized for to/from transportation, with the largest buses transporting far fewer students than the bus can carry. School districts should seek to enhance utilization and keep bus capacity in mind when purchasing buses. Since 2003, 95 percent of large buses (class C or D) bought by Utah school districts have been class D, which are typically larger and more expensive, despite the fact that the bus is far from being full on to/from routes. On average class C buses are \$2500 less than class D buses and the state reimburses school districts up to 85 percent of the cost of buses. The Auditors identified 194 class D buses in 12 select school districts that could have been replaced with class C buses instead for a potential savings of \$5 million. Extending this projection throughout all school districts, state wide savings could be in excess of \$9.5 million.

The Legislature may want to consider revising how they reimburse school districts for bus purchases, because some class D buses are needed to accommodate activities and field trips. The depreciation of school buses should be revised. School districts have been receiving state paid depreciation allowances for fully depreciated buses. The USOE should clearly identify the portion of funds distributed to school districts that are intended for school bus depreciation.

The audit addressed bus usage. Buses rented for non-pupil transportation activities, such as scouting and local marathons, present a liability and legal concerns if full cost recovery is not occurring. There are also risks associated with traveling over state lines. The Auditors

recommend that USOE address the issue of school buses being used for non-pupil transportation and traveling over state lines through administrative rule -- either eliminate this practice or implement procedures to be adhered to when it occurs.

Sen. Stephenson asked the difference between the class C and class D buses. Mr. Dean responded that the class D buses have a flat front and their capacity is 84 elementary school age children. The class C buses have a nose in front and their capacity is 72 children. The class D costs \$25,000 more. Sen. Stephenson questioned could the class C buses be used in more instances for their needs instead of the D. Mr. Dean responded that they looked at all the routes for a given year, if their planned capacity never exceeded the number of seats in a class C bus, that is a bus that clearly could have been replaced. Sen. Stephenson asked if there were any incentives now in the way districts are reimbursed for them to get the lower cost buses. Mr. Dean responded they would save that amount of money, but they are blindly buying the buses, because that is what they have always done. Sen. Stephenson commented that there doesn't seem to be any disincentive to buy the more expensive. Mr. Coleman responded that is correct, and that there should be a mix of buses, because there are some instances when they need a larger bus. Sen. Stephenson asked if there was a way to build that into the statute by formula, to need the use of the more expensive bus. Mr. Dean said there is already a reporting feature in place at the USOE, where they can make that type of analysis.

Sen. Stephenson asked if the renting of buses to other entities occurred more in certain geographical areas. Mr. Dean responded that the majority of districts that rent their buses out are those not along the Wasatch front, but in more rural areas. Sen. Stephenson commented that in some of these communities they may not have opportunities to hire buses for activities, but School Boards should require those renting the bus to somehow cover the liability. Mr. Dean responded that liability is one issue, but also there is a legal concern because some are not getting full cost recovery. Mr. Coleman responded that their solution is not to eliminate, but get full cost recovery and address the liability. Sen. Stephenson would like the staff to prepare, as we discuss the FY10 budget, to incorporate these in the funding for pupil transportation so that we are not providing adverse incentives for higher costs than necessary, and to assure the other concerns in the audit.

Rep. Newbold asked if any of the recommendations mentioned, such as bus driver standard, efficiency measures for using and purchasing buses and correcting inconsistent reporting, were governed by rules or statutory guidelines. Mr. Dean responded that they are mostly governed by rules. The state has a standard for bus operation and that standard is adopted by the SBOE.

Rep. Gibson questioned if this audit is operational, not just financial. The response was yes. Rep. Gibson questioned if there is much difference in gas mileage of the class C and class D buses. Mr. Dean responded that maintenance and operation costs are approximately the same. Rep. Gibson questioned if all of the audit's recommendations were implemented

what would be the savings in dollar amount. Mr. Coleman responded that they don't have that information. Rep. Gibson commented that it looks like there have been miscalculations. Mr. Coleman responded no fraud is involved, it has to do with the allocation to the districts, and it is important that the data be correct so funds can be allocated properly. Rep. Gibson asked about the depreciation concerns. Mr. Dean responded that again it is reporting thing, the USOE needs to make sure they are collecting the data correctly. Mr. Coleman responded that tracking bus mileage got lax, but now they are trying to track more closely. Rep. Gibson asked, what are some immediate cost savings? Mr. Coleman reported that the purchase of buses would be a large cost savings, but has to be done over time, because you don't want to get rid of buses just purchased.

State Superintendent Pattie Harrington introduced Todd Hauber, Associate Superintendent, USOE, and Murrell Martin, Pupil Transportation Specialist, USOE to report on USOE's response to the audit. Mr. Hauber reported that USOE was in the midst of updating the standards discussed in the audit when they first reviewed the audit, and therefore held off on the release of the standards until the audit was over. They were aware of some of the problems, and it is their intention to have the standards adopted into rule by March. Mr. Martin commented that he is in agreement with Mr. Hauber. He appreciated the audit allowing them to gather and be aware of much more information that they did not have the staff to get. The standards committee has met twice since the audit has been released, and the standard will be back for the USOE to review. Since the audit has been completed, giant steps have been taken, and each of the recommendations made are in the process of taking place. Mr. Hauber added that the two issues, of use of school buses for non-pupil transportation and crossing state lines, are up for discussion in their February Board meeting.

Rep. Gibson asked if they are looking at non-sanctioned out of state trips, or all out of state trips. Mr. Hauber responded that the school sanctioned out of state trips are being looked at, because sometimes the most direct route takes students across state lines.

Sen. Stephenson commented that it would be helpful to the committee if Superintendent Harrington would advise the committee which recommendations are best served by rule, and which need to be dealt with by the Legislature. Superintendent Harrington responded that they certainly will if ever they need the force or authority of statute from the Legislature.

Rep. Newbold commented that there is approximately \$75 million distributed to reimburse districts for transportation and busing, it is only fair representation to say that the Legislature would expect that those monies would be distributed on accurate data and best practices.

**b. *Adult Education Services***

Rick Coleman introduced Tim Bereece, Performance Auditor. Adult Education in Utah focuses on delivering services to the undereducated and the underemployed to improve their economic status. The Adult Education Program offers three types of education to students,

basic education, high school completion and English for speakers of other languages. The initial concern raised in the audit request was whether duplication or gaps exist among agencies in the delivery of adult education. The review did not reveal wasteful duplication among the AEP and its partners.

The Legislature has allocated significant funding to AEP with the condition that these funds be spent to educate Utah residents, or that non-resident pay a tuition similar to that of colleges and universities, but school districts are not adequately checking students' Utah residency. AEP is not enforcing the policy of using state funds on undocumented adults because no standards have been established on how to identify these students and do not establish documentation standards, and do not designate a funding code to identify undocumented adults. The Auditors recommend USOE establish documentation standards that focus on a time requirement and valid forms of documentation and for demonstrating legal residence in the U.S. They also recommend school district programs comply with state statute and AEP policies concerning residency in Utah and the U.S.

The USOE has adopted a formula for funding distribution that focuses on performance of students. The formula has separate allocations for GEDs and diplomas, which allow school districts to double their high school completion funding by having students earn a GED and a diploma.. Using values for FY09, students who receive a diploma generate \$457 for the school district, however a student who passes the GED test before obtaining a diploma, generates an additional \$630, awarding double the funding for the school district if the students get both. For some students, minimal additional effort may be required to earn their diploma after obtaining their GED, so the GED credits provide a quick and lucrative way for school district programs to get their students the necessary credits they need, essentially double-paying the districts for an adult completing high school. The Auditors recommend that USOE adjust the AEP funding formula by combining the GED and diploma into one; periodically review and adjust its funding formula to ensure the allocations reflect the desired policy; and study the reasons for a decrease in productivity during the past two years despite an increased appropriation from the Legislature.

Superintendent Harrington asked Marty Kelly, Coordinator, Adult Education, USOE and Brenda Hales, Associate Superintendent, USOE to join her. Superintendent Harrington commented that so much has improved in Adult Education, but there is still a ways to go. Ms. Hales reported that as soon as the Audit happened they went through an extensive period of review and began drafting new rules, and as a result have written and implemented new policies that define new standards for obtaining residency. GED and diplomas rules have changed so that there is no double dipping and those who complete a GED also receive a diploma. They are adjusting how the budget works so that funds are allocated to actively encourage intensity and duration of student outcomes.

Rep. Newbold reported to the committee that in the past the Legislature has budgeted approximately \$10 million dollars for Adult Education.

***c. School Building Construction***

Tim Osterstock, Audit Manager, Wayne Kidd, Audit Supervisor, and Jesse Martinson, Audit Staff, introduced themselves. Well-designed, functional school buildings are an essential part of an effective education program and USOE has provided guidelines to assist school districts in meeting the challenges of constructing new school buildings. Mr. Kidd reported that in their review of 21 school districts that completed or are in the process of constructing new buildings since 2006, they found nine that need to foster more competition in their bidding process for architectural and construction services. Some school districts have used the same architects for multiple projects instead of competitively bidding each new project; one school district pre-qualified four architectural firms 10 years ago; and one school district inappropriately bundled nine design projects. When school districts use the Construction Manager/General Contractor procurement method, it allows more control and they are able to use the lowest subcontractor bids. The Auditors' recommendation is that school districts competitively bid services for each new design or construction project and provide oversight for the procurement of subcontractors.

School districts commonly use a decision-matrix process to evaluate proposals from competing firms for architectural or construction contracts. The Auditors found several situations where the criteria developed for a decision matrix have not been well defined or applied consistently. The Auditors' recommended that school districts evaluate criteria to reflect the priority of the information asked for in the Request for Proposal (RFP) of a statement of interest and qualifications (SOIQ) following the Division of Purchasing guidelines; evaluation criteria be clearly stated in RFPs and SOIQs; fee proposals be evaluated objectively and independently from the qualitative proposal; and criteria be evaluated consistently by selection committee members based upon a predetermined definition. Pertaining to selection committees, the Auditors recommend that school districts ensure that the committees have one member who is well qualified in the profession of architecture or engineering; have the necessary expertise and skills to evaluate proposals; and members read and sign confidentiality and conflict-of-interest statements.

Data was gathered for 54 new school buildings and the cost of materials has increased both nationally and within the state and has contributed to the increase in total construction prices. New school designs are usually more expensive than a repeat design, but the majority of new schools were built using repeat school designs. Most Utah schools have more square feet per student than the USOE guidelines recommend. The Auditor's recommendation is that school districts apply the USOE-recommended guidelines for square feet per student and that they select building and finishing materials considering cost as well as quality and durability.

Co-Chair Stephenson assumes the chair.

Superintendent Harrington introduced Todd Hauber and Larry Newton, School Finance Director, Utah State Office of Education. This issue has been a concern to them and they

hired an inspector to keep closer tabs on what is going on in the school districts. Mr. Hauber responded that there are guidelines and statutory procedures to be followed as construction projects move forward, and they are involved in making sure the guidelines and procedures are being followed. They have training set up for superintendents, school business officials and school building officials so they are aware of the process. They are also in contact with the Utah State Board of Education and provide training for their local School Board members. Mr. Hauber was concerned that a number of schools were being built outside of the square footage guidelines, as the administration looked closer, they felt that maybe the guideline was behind the times, and they are taking a serious look at that guideline.

Sen. Stephenson commented that the State is requiring state equalization money, and the receiving districts need to be utilizing the money in the best way. Is there anything the Legislature should do to make better use of those monies? Mr. Hauber responded that we need to look at the history of the school districts, as far as equalization, so that there is a more appropriate feel of what that equalization should be. Superintendent Harrington responded that it is critical that the schools be built and retrofitted for the 21st century so that we are improving our use and efficiency. The Auditor commented that the guidelines had been overlooked, and are going to be changed.

Rep. Gibson asked about the Federal Aid that Superintendent Harrington referred to that would be coming. Superintendent Harrington responded that it is strongly being suggested that Federal Aid will come and their office has to be ready to implement any Federal funds that come within 30 days, and expend at least 50% of funds within 60 days. Rep. Gibson questioned if these funds were for Capital Projects. Superintendent Harrington responded yes, for retrofitting and remodeling, which will be allocated according to the count in the Title 1 population. How it will happen is still very much in question. Rep. Gibson asked, where does Utah have the most Title 1 schools? Superintendent Harrington responded that there are more in the urban parts of the state, but some in rural parts of the state as well.

Sen. Stephenson asked, what is the expected process for determining which areas get the money, and, could there be criteria established by rule to ensure that those areas with most growth get that money also? Superintendent Harrington responded that the language of the stimulus bill has more to do with remodeling and retrofitting than new construction. There is no language that she has discovered that talks about how or through whom the funds will be allocated. She has seen a formula chart that suggests the amount of money that might come per district, which she would be happy to provide the committee. She would appreciate the committee's help in crafting what a "shovel ready" school district looks like so that we all have agreement on how that will appear going in to the whole package. Sen. Stephenson asked, are we anticipating that the Federal government will be designating how much by district? Superintendent Harrington responded that they have already designated that, but does not know how it will be allocated.

Rep. Newbold resumed the chair.



**d. *Carson Smith Scholarship***

Tim Osterstock introduced Deana Herring, Audit Supervisor. Ms. Herring reported that the Carson Smith Scholarship provides assistance to families with qualifying special needs children as defined by Utah Code to help pay private school tuition costs. Scholarships amounts are based on the amount of the current year's weighted pupil unit (WPU) and the amount of special needs services a child is to receive each day. Scholarship checks are sent quarterly to the private school and made payable to the parent of the student. The parent is required to "restrictively endorse the warrant to the private school for deposit into the account of the private school."

Two of the audit objectives included an examination of program growth from enactment to the current school year and which resources are necessary to fulfill scholarship obligations. They found that program growth is expected, but the amount is undeterminable because of extremely limited data on Utah's program. Funding the program every two years, as in the past, is no longer possible. They recommend that the Legislature determine whether the Carson Smith Scholarship program should maintain current student levels, allow program levels to increase, or reduce the size of the program.

Individualized education plans (IEPs) and standardized testing are currently used to determine special needs. The Auditors recommend that the State Board of Education consider removing the requirement to track denied students; continue to develop RTI methodology and communicate it to the districts upon completion; and the Legislature consider if the law establishing the Carson Smith Scholarship needs to be clarified as to what should happen when a child currently receiving the scholarship no longer qualifies based on a disability.

Rep. Cosgrove questioned that process for selecting the students for the scholarship and wanted to know the process for the denied students. Ms. Herring responded when the students are evaluated, they use a state program that normalizes test scores to be able to evaluate with a certain competence level if a child has a disability. They were tested and evaluated in that way. Rep. Cosgrove questioned if there was a number of children eligible, were they denied? Ms. Herring responded that if they were eligible, they were not denied. Mr. Osterstock responded that the only way an eligible child would be denied is if there were more children than there were finances.

Superintendent Harrington introduced Dr. Larry Shumway, Associate State Superintendent, Utah State Office of Education. Dr. Shumway responded that the rule referred to in the audit has been adopted by the Board in January. The RTI training referred to continues to go forward.

Rep. Cosgrove responded that he is concerned about the children that don't qualify and have been left off the list, but need the program. Now that we have made a determination to not

keep a list, what about the students who need the program, but we don't know about them or don't have the funding to enroll them in the program? Dr. Shumway responded that the structure of the program is that a parent determines if a child should be enrolled in a school qualified to offer these services. The State has an obligation to identify students with disabilities and provide services under IDEA, called Child Find, and under school districts and charter schools we are fulfilling that obligation.

Rep. Menlove questioned if local school districts are evaluating students. Dr. Shumway responded that to qualify a student must have a disability as defined in IDEA and there is a list in the statute identical to the federal list. An evaluation occurs when a student doesn't have a current IEP or is due for re-evaluation, and testing needs to be done. Students not having a disability as defined in IDEA, parents decide to request the scholarship for assistance and claims a disability that has never been claimed before, then they go through the evaluation process. Rep. Menlove questioned who determines if a local school is able to deliver special education services. Dr. Shumway responded that the criteria in the statute is not based on the school's capacity to deliver special education services, it based on the school meeting minimal financial requirements, teachers having a background check, having a safe school, and a variety of other things. It is a parent choice program, so to determine if the school meets the child's needs is up to the parent. Rep. Menlove questioned if any Federal Education dollars followed. Dr. Shumway responded no, that the only Federal Education dollars are those where the services that are required under IDEA to be shared across private schools based on census numbers. Rep. Menlove questioned if there were any Federal or State Audit requirements of the private schools. Dr. Shumway responded that only to the requirements of the statute which requires schools to disclose qualifications of teachers to the parents, the school is required to do a certain set of things. They follow up to ensure those requirements are met. No performance audits relative to instructions are required. Rep. Menlove questioned if IEPs are generated out of the schools. Dr. Shumway responded that no IEPs are required to be in place. There is a requirement that schools review students progress annually with the parents.

Rep. Newbold reported to the committee that there is \$2.5 million in place for the Carson Smith Scholarship.

***e. School District Internal Controls***

Rick Coleman commented that this audit is over a year old, involving fraud and embezzlement allegations of three separate instances. Susan Verhoef, Audit Supervisor, Legislative Auditor General reported that employees have been charged with defrauding the Davis School District and the Weber School District. The first fraud situation is a former Title I director and her husband accused of defrauding the district of at least \$4,295,787 from January 2000 to May 2005 by selling unauthorized copies of copyrighted books and educational materials at highly inflated prices to the school district for the program that she managed. The second allegation involved the assistant to the Title I director embezzling \$338,189 from the Title I funds starting in about 1999 by submitting orders for fictitious

books from a non-existent vendor with a name similar to that of her spouse. The third case was a part-time secretary employed by the Weber School District acknowledged stealing \$979,391 since July 2001 (but district records show checks were forged as early as 1999), from the foundation. All three cases allegedly involved multiple thefts over many years, yet were not noticed. The Auditors recommend that Davis School District continue to establish appropriate dollar thresholds for existing vendors as an alert that additional monitoring is needed; that school districts ensure the routinely scheduled reviews of school financial activities and include district departments as part of the scheduled reviews; and that all school districts review their purchase policies to ensure an adequate separation of responsibilities and appropriate vendor control procedures. The auditors recommend that school districts consider requiring all manager and employees who handle money or approve purchases to sign an annual conflict of interest disclosure; that the USOE Title I office provide additional monitoring expenditure trends and providing additional scrutiny to those trends that are typical; and that USOE evaluate the feasibility of assigning an auditor to serve as the internal auditor for several small school districts.

Weak internal controls contributed to theft from the Weber School District Foundation. The Auditors recommend that the boards of all school district foundations ensure that adequate written policies for accounting, purchasing, check issuance, and other associated activities are established and followed, and that there is an adequate separation of responsibilities or that compensating controls have been implemented. The Auditors recommend that school district foundations provide schools with information detailing all transactions in their accounts and that their donations be tracked; and that foundations ensure that procedures are in place to verify that payments issued agree with those they have approved. Further recommendations are that the Legislature consider providing additional statutory guidance to clarify the roles, responsibilities, and oversight of school district foundations and that the USOE evaluate the feasibility of providing guidance to school district foundations.

Of the reports twelve recommendations, four were implemented, seven are in process, and one is partially implemented. The USOE is developing procedures to improve district controls and monitor Title 1 expenditures, they have hired an additional auditor to provide oversight. Based on recommendations, the Legislature passed H.B. 112, Public Education Foundation Amendments, during the 2008 general session requiring School Board Foundations to establish and follow specific accounting policies.

Rep. Menlove asked if there was an educational process or policy set up in the school districts, if it had been adhered to it would have prevented the audit. Are these unusual situations? Mr. Coleman responded that the people were well trusted in all of the situations, people should have seen it, but didn't. When the problems were discovered, the districts took a lot of actions before the Audit was done. There are ways to look for fraud, but is hard to discover. Rep. Menlove commented that she hopes districts have learned, and have things in place. She questioned if this was a high or low amount of fraud for organizations. Mr. Coleman responded that a number of fraud situations are seen in business, and is always

concerning. In these situations, the fraud went on for such a long period of time. Schools should have received an accounting of monies.

Sen. Stephenson commented that in the business world fraud is all too common. We don't know how much occurs, just what has been discovered. Sen. Neiderhauser is sponsoring a bill to put the entire check register of on line for everyone to see. Had this been in place, during these fraud events, there is a high probability they would have been prevented or discovered.

Rep. Gibson commented that he appreciates the audits and will study them further.

Mr. Coleman recognized their leader, John Schaff.

3. **Other Business**

Co-Chair Newbold reported that the appropriations meeting for Thurs. has been cancelled, and at the Mon. meeting, the additional audits will be heard, and then the committee will start working on the FY10 budget.

**MOTION:** Sen. Morgan moved to adjourn.

The motion passed unanimously with Reps. Cosgrove, Fowlke, Garn, and Riesen absent for the vote.

Co-Chair Newbold adjourned the meeting at 4:48.

Minutes were reported by Karen C. Allred, Senate Secretary

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Sen. Howard A. Stephenson, Co-Chair

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Rep. Merlynn T. Newbold, Co-Chair